

**ST. TAMMANY PARISH  
FIRE PROTECTION DISTRICT NO. 5**

**Audit of Financial Statements**

**December 31, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-18-07

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## **Independent Auditor's Report**

Board of Commissioners  
St. Tammany Parish Fire Protection District No. 5  
Folsom, Louisiana

We have audited the accompanying financial statements of the governmental activities and the major funds, which collectively comprise the basic financial statements of St. Tammany Parish Fire Protection District No. 5 (the District), which is a component unit of the St. Tammany Parish Government, as of and for the year ended December 31, 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major funds of St. Tammany Parish Fire Protection District No. 5, as of December 31, 2006, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2007, on our consideration of St. Tammany Parish Fire Protection District No. 5's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Management has elected not to present the Management's Discussion and Analysis information that the Governmental Accounting Standards Board has determined to be required to supplement, although not required to be a part of, the basic financial statements.

The budgetary comparison schedule identified on page 21 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read "Robert J. Smith".

A Professional Accounting Corporation

May 16, 2007

## **BASIC FINANCIAL STATEMENTS**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Net Assets**  
**December 31, 2006**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 49,664
Investments	115,000
Receivables - Ad Valorem	419,735
Receivables - Revenue Sharing	26,939
Capital Assets, Net of Accumulated Depreciation	<u>954,287</u>
<b>Total Assets</b>	<u>1,565,625</u>
<b>Liabilities</b>	
Accounts Payable	21,430
Accrued Expenses	6,453
Notes Payable - Short-Term	100,000
Compensated Absences	2,116
Long-Term Liabilities	
Due Within One Year	36,000
Due After One Year	79,000
Leases Payable	
Due Within One Year	-
Due After One Year	<u>25,810</u>
<b>Total Liabilities</b>	<u>270,809</u>
<b>Net Assets</b>	
Investment in Capital Assets, Net of Related Debt	813,477
Unrestricted	<u>481,339</u>
<b>Total Net Assets</b>	<u>\$ 1,294,816</u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Activities**  
**For the Year Ended December 31, 2006**

<b>Activities</b>	<b>Expenses</b>	<b>Operating Grants and Contributions</b>	<b>Net (Expense) Revenues and Changes in Net Assets Governmental Activities</b>
<b>Governmental Activities</b>			
Fire Protection	\$ 400,007	\$ 79,219	\$ (320,788)
Interest on Long-Term Debt	15,690	-	(15,690)
<b>Total</b>	<b>\$ 415,697</b>	<b>\$ 79,219</b>	<b>(336,478)</b>
<b>General Revenues</b>			
Taxes -			
Property Taxes			418,039
State Revenue Sharing			31,708
Fire Insurance Rebate			18,862
Miscellaneous			27,186
<b>Total General Revenues</b>			<b>495,795</b>
<b>Change in Net Assets</b>			<b>159,317</b>
<b>Net Assets, Beginning of Year</b>			<b>1,135,499</b>
<b>Net Assets, End of Year</b>			<b>\$ 1,294,816</b>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Balance Sheet**  
**Governmental Fund**  
**December 31, 2006**

	<b>General Fund</b>
<b>Assets</b>	
Cash	\$ 49,664
Investments	115,000
Receivables - Ad Valorem	419,735
Receivables - Revenue Sharing	<u>26,939</u>
<b>Total Assets</b>	<u><u>\$ 611,338</u></u>
<b>Liabilities</b>	
Accounts Payable	\$ 21,430
Accrued Expenses	6,453
Notes Payable - Short-Term	100,000
Compensated Absences	<u>2,116</u>
<b>Total Liabilities</b>	129,999
<b>Fund Equity</b>	
Unreserved	<u>481,339</u>
<b>Total Fund Equity</b>	<u>481,339</u>
<b>Total Liabilities and Fund Equity</b>	<u><u>\$ 611,338</u></u>
<b>Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets</b>	
Total Fund Equity	\$ 481,339
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	954,287
Long-term liabilities, including certificates of indebtedness and capital leases, are not due and payable in the current period and therefore, are not reported in the funds.	<u>(140,810)</u>
	<u><u>\$ 1,294,816</u></u>

The accompanying notes are an integral part of these financial statements.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Statement of Revenues, Expenditures, and**  
**Change in Fund Balance - Governmental Fund**  
**For the Year Ended December 31, 2006**

	<b>General Fund</b>
<b>Revenues</b>	
Ad Valorem Taxes	\$ 418,039
Intergovernmental Revenues	
Federal Emergency Management Agency Reimbursements	79,219
State Revenue Sharing	31,708
Fire Insurance Premium Rebate	18,862
Miscellaneous Income	<u>27,186</u>
<b>Total Revenues</b>	<u>575,014</u>
<b>Expenditures</b>	
Public Safety - Fire Protection	
Salaries and Benefits	176,220
Operations and Repairs	57,275
Insurance	37,062
Dispatcher Fees	18,420
Capital Outlay	13,018
Utilities	9,447
Professional Fees	7,113
Office Supplies	6,832
Other	5,778
Training	339
Debt Service	
Principal	82,620
Interest	<u>15,690</u>
<b>Total Expenditures</b>	<u>429,814</u>
<b>Net Change in Fund Balance</b>	145,200
<b>Fund Balance, Beginning of Year</b>	<u>336,139</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 481,339</u></u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Reconciliation of the Statement of Revenues, Expenditures, and Change in**  
**Fund Balance of the Governmental Fund to the Statement of Activities**  
**For the Year Ended December 31, 2006**

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Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balance	\$	145,200
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Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(68,503)
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The issuance of long-term debt (e.g., certificates of indebtedness) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

		<u>82,620</u>
Change in net assets of governmental activities	\$	<u>159,317</u>

The accompanying notes are an integral part of these financial statements.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Introduction**

The St. Tammany Parish Fire Protection District No. 5 (the District) was created by the St. Tammany Parish Police Jury (now known as the St. Tammany Parish Government), as provided by Louisiana Revised Statute 40:1492. The District was created to acquire, maintain, and operate buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other things necessary to provide proper fire prevention and control within the District limits. The administration of the District is governed by a board of commissioners consisting of five members. Two members are appointed by the St. Tammany Parish Government and two by the governing body of the Town of Folsom. The fifth member is selected by the other four members and serves as chairman. Vacancies are filled by the bodies making the original appointments.

The District operates four fire stations and provides fire protection and emergency medical services to an area covering approximately 90 square miles. Fire protection services are provided by volunteers and approximately three full-time paid firefighters, and one full-time fire chief.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a component unit of the St. Tammany Parish Government, which appoints two of the District board members and has the ability to impose its will on the board. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

**Note 1. Summary of Significant Accounting Policies**

**Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities and Changes in Net Assets) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District's only fund, the General Fund, is classified as a governmental type activity.

The Statements of Activities and Changes in Net Assets demonstrate the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. *Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental fund:

The General Fund is the entity's primary operating fund. It accounts for all financial resources of the entity, except those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has no business-type activities or enterprise funds.

Amounts reported as program revenues, if any, include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the entity's policy to use restricted resources first, then unrestricted resources as they are needed.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash includes amounts in demand deposits and money market accounts. Amounts in time deposits and those investments with original maturities of 90 days or less are considered to be cash equivalents. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Inventories**

The District uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The District did not record any inventory at December 31, 2006.

**Prepaid Items**

The District did not record any prepaid items at December 31, 2006.

**Capital Assets**

Capital assets are reported in the governmental activity column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<b>Description</b>	<b>Estimated Lives</b>
Buildings	40 Years
Fire Trucks	15 Years
Firefighting Equipment	10 Years
Vehicles	5 Years
Furniture and Fixtures	5 Years

Total depreciation expense for the year ended December 31, 2006, was \$81,521.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Compensated Absences**

The District has the following policies relating to sick and vacation leave.

**Sick Leave**

The Rules and Regulations of the District include the following regarding sick leave:

"Each full-time employee of the District shall be entitled to and given, with full pay, sick leave aggregating no less than fifty-two (52) weeks during a calendar year for any sickness or injury or incapacity not brought about by his own negligence or culpable indiscretion."

The District is in the process of amending the wording of this policy.

No cash payment may be made for accumulated sick leave.

**Vacation Leave**

The Rules and Regulations of the District include the following regarding vacation leave:

"Each full-time employee of the District after having served one (1) year shall be entitled to an annual vacation of eighteen (18) calendar days with full pay. This vacation period shall be increased one day for each year of service over ten (10) years, up to a maximum vacation period of thirty (30) days all of which shall be with full pay. The vacation privileges herein provided for shall not be forfeited by any member of the department for any cause, nor may any cash payment be made in lieu of vacation."

A liability for sick leave is not accrued at December 31, 2006, because cash payments may not be made for accumulated sick leave.

A current liability for vacation of \$2,116 is accrued at December 31, 2006.

**Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activity Statement of Net Assets.

In the fund financial statements, the face amount of any debt issued is reported as other financing sources. Expenditures for principal and interest payments for long-term obligations are recognized in the general fund when paid.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Budgets**

The District uses the following budget practice:

The District adopts a budget for the General Fund on the modified accrual basis each year. The budget for the fiscal year ended December 31, 2006, was adopted on December 13, 2005. The budget is monitored and amended as needed by the board of commissioners. The budget was amended for the fiscal year ended December 31, 2006. Unexpended budget balances lapse at year-end.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 3. Levied Taxes**

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The St. Tammany Parish Sheriff bills and collects the property taxes using the assessed value determined by the Tax Assessor of St. Tammany Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year; however, the collection of the 2006 taxes did not substantially occur until January 2007.

**Note 4. Cash and Investments**

At December 31, 2006, the District had cash and investments (book balances) totaling \$164,664, as follows:

Non-Interest-Bearing Demand Deposits	\$ 22,222
Interest-Bearing Savings Account	27,442
Interest-Bearing Certificates of Deposit	<u>115,000</u>
Total	<u>\$164,664</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. At December 31, 2006, the District had \$212,068 in deposits (collected bank balances), which was secured from risk by \$169,636 of federal deposit insurance and \$42,432 in pledged collateral.



**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

**Note 5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2006, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital Asset, Not Being Depreciated</b>				
Land	\$ 40,577	\$ -	\$ -	\$ 40,577
<b>Capital Assets, Being Depreciated</b>				
Buildings	648,033	-	-	648,033
Fire Trucks	758,714	-	-	758,714
Firefighting Equipment	179,645	5,118	-	184,763
Vehicles	20,767	7,900	-	28,667
Furniture and Fixtures	9,744	-	-	9,744
<b>Total Capital Assets, Being Depreciated</b>	<b>1,616,903</b>	<b>13,018</b>	<b>-</b>	<b>1,629,921</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings	(122,697)	(16,201)	-	(138,898)
Fire Trucks	(379,500)	(42,634)	-	(422,134)
Firefighting Equipment	(114,887)	(16,869)	-	(131,756)
Vehicles	(8,998)	(4,681)	-	(13,679)
Furniture and Fixtures	(8,608)	(1,136)	-	(9,744)
<b>Total Accumulated Depreciation</b>	<b>(634,690)</b>	<b>(81,521)</b>	<b>-</b>	<b>(716,211)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>982,213</b>	<b>(68,503)</b>	<b>-</b>	<b>913,710</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,022,790</b>	<b>\$ (68,503)</b>	<b>\$ -</b>	<b>\$ 954,287</b>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

**Note 6. Leases**

The District records items under capital lease as assets and obligations in the accompanying Statement of Net Assets. At December 31, 2006, the District has one capital lease in effect for a fire truck. This lease was entered into on April 11, 2003, with an original recorded asset amount of \$183,000. The following is a summary of future minimum lease payments and the present value of the net minimum lease payments as of December 31, 2006:

<b>Year</b>	<b>Amount</b>
2007	\$ -
2008	<u>26,861</u>
Total Minimum Lease Payments	26,861
Less: Amounts Representing Interest at 4.073%	<u>(1,051)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 25,810</u>

The capital lease obligation has no current portion and \$25,810 is classified as the long-term portion.

The District had no non-cancellable operating lease commitments at December 31, 2006.

**Note 7. Long-Term Obligations**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2006:

	<b>Certificates of Indebtedness</b>
Long-Term Obligations Payable at January 1, 2006	\$ 149,000
Payments	<u>(34,000)</u>
Long-Term Obligations Payable at December 31, 2006	<u>\$ 115,000</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 7. Long-Term Obligations (Continued)**

Certificates of indebtedness are comprised of \$182,000 of Series 2000 certificates issued on September 29, 2000, to construct an expansion of a fire station, due in annual principal installments of \$33,000 to \$41,000 from March 1, 2005 through March 1, 2009, with semi-annual interest payments at 5.55 percent.

The annual requirements to amortize the certificates outstanding at December 31, 2006, including interest of \$9,851, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 41,384	\$ 36,000	\$ 5,384
2008	41,330	38,000	3,330
2009	42,138	41,000	1,138
	<u>\$ 124,852</u>	<u>\$ 115,000</u>	<u>\$ 9,852</u>

The certificates of indebtedness are payable from an annual Ad Valorem tax levy.

**Note 8. Note Payable - Short Term**

Short term note payable is comprised of \$100,000 Series 2006 certificates issued on January 11, 2006, in anticipation of the revenues of 2006. The note is due on March 1, 2007, with a single payment of principal and interest at 3.95 percent.

**Note 9. Retirement System**

All full-time employees are members of the Firefighters' Retirement System. The Firefighters' Retirement System Pension Plan (Plan) is a cost sharing, multiple-employer, non-qualified defined benefit pension plan covering firefighters employed by any municipality, parish, or fire protection district of the State of Louisiana, under the provisions of Louisiana Revised Statutes 11:2251 - 2269, effective January 1, 1990. The Plan is not a qualified plan as defined by the Internal Revenue Code, nor is it subject to the Employee Retirement Income Security Act of 1984.

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5**  
**(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)**  
**Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 9. Retirement System (Continued)**

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated Plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Employees may elect an unreduced benefit or any of four options at retirement.

The Plan issues an annual publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Firefighters' Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060 or online at [www.lafirefightersret.com](http://www.lafirefightersret.com).

Plan members are required by statute to contribute 8% of their covered compensation, and the District is required to contribute at an actuarially determined rate. The rate at December 31, 2006 was 15.5%. The District's contributions to the Plan were \$11,452, \$14,694, and \$16,730 for the years ended December 31, 2006, 2005, and 2004, respectively.

**Note 10. Compensation Paid to Commission Members**

The schedule of compensation paid is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Compensation paid to the Board of Commissioners of the District for the year ended December 31, 2006, is as follows:

Jim Allen	\$ -
Robert Pecunia	-
Deborah Myer	-
Cham Mehaffey	-
Alvin Roussel	-
	<hr/>
	<u>\$ -</u>

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO.5  
(A COMPONENT UNIT OF THE ST. TAMMANY PARISH GOVERNMENT)  
Folsom, Louisiana**

**Notes to Financial Statements**

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**Note 11. Litigation and Claims / Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District attempts to minimize risk from significant losses through the purchase of commercial insurance.

**Note 12. On Behalf Payments by State of Louisiana**

For the year ended December 31, 2006, the State of Louisiana made on behalf payments in the form of supplemental pay to one of the District's firemen. In accordance with GASB 24, the District has recorded \$7,650 of on behalf payments as revenue and as expense.

**REQUIRED SUPPLEMENTAL INFORMATION**

**ST. TAMMANY PARISH FIRE PROTECTION DISTRICT NO. 5**  
**Budgetary Comparison Schedule - General Fund**  
**For the Year Ended December 31, 2006**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 349,715	\$ 384,246	\$ 418,039	\$ 33,793
Intergovernmental Revenues				
FEMA Reimbursements	-	119,396	79,219	(40,177)
State Revenue Sharing	22,000	27,011	31,708	4,697
Fire Insurance Premium Rebate	-	33,862	18,862	(15,000)
Miscellaneous Income	300	26,982	27,186	204
<b>Total Revenues</b>	<b>372,015</b>	<b>591,497</b>	<b>575,014</b>	<b>(16,483)</b>
<b>Expenditures</b>				
Public Safety - Fire Protection				
Salaries and Benefits	-	191,987	176,220	15,767
Operations and Repairs	34,000	52,608	57,275	(4,667)
Insurance	33,000	32,265	37,062	(4,797)
Dispatcher Fees	12,000	23,210	18,420	4,790
Capital Outlay	5,500	44,794	13,018	31,776
Utilities	11,400	9,254	9,447	(193)
Professional Fees	14,000	7,015	7,113	(95)
Office Supplies	1,500	6,832	6,832	-
Other	700	6,136	5,778	358
Training	3,000	400	339	61
Contract Labor	2,000	23,696	-	23,696
Debt Service				
Principal	96,827	179,827	82,620	97,207
Interest	12,300	13,119	15,690	(2,571)
<b>Total Expenditures</b>	<b>226,227</b>	<b>591,143</b>	<b>429,814</b>	<b>161,329</b>
<b>Net Change in Fund Balance</b>	<b>\$ 145,788</b>	<b>\$ 354</b>	<b>145,200</b>	<b>\$ 144,846</b>
<b>Fund Balance, Beginning of Year</b>			<b>336,139</b>	
<b>Fund Balance, End of Year</b>			<b>\$ 481,339</b>	



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
St. Tammany Parish Fire Protection District No. 5  
Folsom, Louisiana

We have audited the financial statements of the governmental activities and the major funds of St. Tammany Parish Fire Protection District No. 5 as of and for the year ended December 31, 2006, which collectively comprise the St. Tammany Fire Protection District No. 5's basic financial statements and have issued our report thereon dated May 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered St. Tammany Parish Fire Protection District No. 5's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 5's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Fire Protection District No. 5's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the St. Tammany Parish Fire Protection District No. 5's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the St. Tammany Parish Fire Protection District No. 5's financial statements that is more than inconsequential will not be prevented or detected by the St. Tammany Parish Fire Protection District No. 5's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the St. Tammany Parish Fire Protection District No. 5's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether St. Tammany Parish Fire Protection District No. 5's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, Board of Commissioners, Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, likely representing the firm's authorized representative.

A Professional Accounting Corporation

May 16, 2007